NATIONAL SINGLE WINDOW BEST PRACTICES WITH LESSONS FROM SOUTHEAST ASIA

WORKSHOP SUMMARY REPORT

August 9, 2017

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Cover photo: Speakers at the national single window workshop represented Cambodia, Indonesia, Malaysia, the Philippines, Sri Lanka, and the United States. (Credit: AMEG Project)

CONTENTS

ACRONYMS

ACTI	ASEAN Connectivity through Trade and Investment Project
AMEG	Asia and Middle East Economic Growth Best Practices Project
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
BPR	business process reengineering
DOC	Department of Commerce
ICTA	Information Communication Technology Agency
ICT	Information Communication Technology
IPEC	Indo-Pacific Economic Corridor
IPR	intellectual property rights
NSW	national single window
NTB	non-tariff barrier
NTFC	national trade facilitation committee
TFA	Trade Facilitation Agreement
UNECE	United Nations Economic Commission for Europe
USAID	United States Agency for International Development
WBG	World Bank Group
WCO	World Customs Organization

EXECUTIVE SUMMARY

The structure of world trade has dramatically changed over the past two decades. With the emergence of global value chains, lowering the time and cost of trade transactions is critical to enabling small developing countries such as Sri Lanka to exploit global value chain opportunities that depend on the efficient movement of goods. Many governments worldwide have adopted National Single Window (NSW) initiatives as an instrument to eliminate inefficiency and ineffectiveness in business and government procedures and documentary requirements along the international supply chain, ultimately reducing trade transaction costs and improving border control, compliance, and security.

The USAID Asia and Middle East Economic Growth Best Practices (AMEG) Project identifies, documents, and disseminates best practices in support of sustainable, inclusive economic growth for USAID bureaus and missions in Asia, the Middle East, and North Africa. Through Phase III of its Indo-Pacific Economic Corridor (IPEC) Activity, AMEG carried out a series of activities, interventions, and workshops involving government and private sector stakeholders in South Asia to eliminate non-tariff barriers (NTBs) to trade and promote regional integration.

In August 2017, as part of the broader IPEC initiative, AMEG hosted a two-day workshop on NSW best practices for Sri Lankan public and private sector stakeholders to discuss current NSW implementation and lessons learned, identify areas of need in NSW implementation, and capture best practices based on the experience of Association of Southeast Asian Nations (ASEAN) member states. The objective of the event was to facilitate peer-to-peer knowledge exchange between the Government of Sri Lanka and its counterparts in Southeast Asia, share international best practices and lessons learned, and help Sri Lanka develop a single window to facilitate trade with ASEAN.

This brief summary report provides background on Sri Lanka's NSW progress, summarizes workshop proceedings, and identifies best practices and opportunities for the Sri Lanka NSW platform. The World Bank will begin assisting the Government of Sri Lanka with its efforts to create a NSW in the fall of 2017.

TRADE FACILITATION PROGRESS IN SRI LANKA

In recent years, Sri Lanka has undertaken a number of initiatives to improve its trade logistics environment, resulting in performance improvements in some key trade indicators. Sri Lanka's performance on the "Trading across Borders" indicator improved by 16 places in the World Bank's Doing Business 2015 Report, moving from 85 to 69. The time required to import and export has also decreased slightly (figure 1), though there is scope to improve performance further when viewed against comparators (figure 2). In the Logistics Performance Index, Sri Lanka has also improved its score slightly on the "efficiency of customs and border clearance" indicator over the same time period.

FIGURE 1: TIME REQUIRED TO IMPORT AND EXPORT, SRI LANKA, 2006–15

Source: World Bank, Doing Business data.

FIGURE 2: TIME REQUIRED TO IMPORT AND EXPORT, SRI LANKA AND COMPARATORS, 2006–15
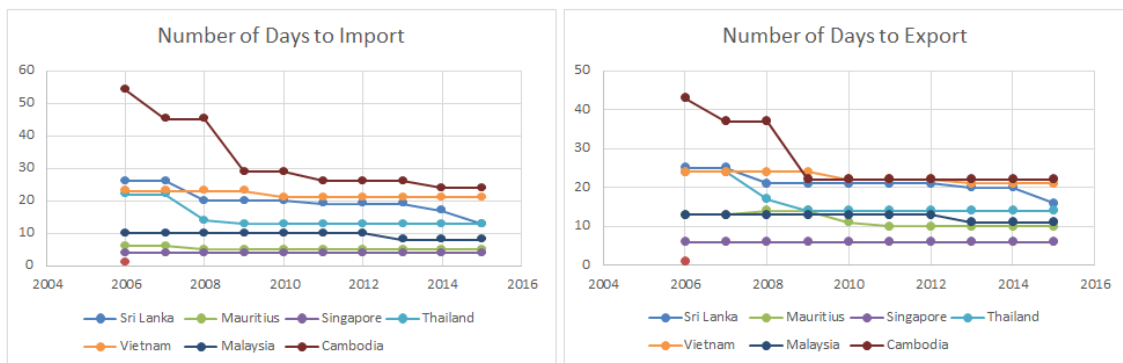
Source: World Bank, Doing Business data.

FORMATION OF THE NATIONAL TRADE FACILITATION COMMITTEE

Sri Lanka set up its National Trade Facilitation Committee (NTFC) in June 2014 to meet the requirements of Article 23.2 of the Trade Facilitation Agreement (TFA), to create "a mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement." Although the NTFC has met only a few times, the World Bank trade experts expressed a few concerns in December 2016 about its establishment, mainly: the inclusion of an insufficient private sector representation (current members include the Ceylon Chamber of Commerce, Federation of Chamber of Commerce & Industry, National Chamber of Commerce, National Chamber of Exporters of Sri Lanka, Chamber of Young Lankan Entrepreneurs, and the Women's Chamber of Industry & Commerce); a lack of clarity in its terms of reference; and the absence of a legal mandate.

AUTOMATION IMPROVEMENTS

Sri Lanka Customs recently implemented Automated System for Customs Data (ASYCUDA) World, though without its single-window functionality. Although there is considerable impetus behind the notion of implementing an electronic single window, no strategy or steering committee is in place. Automation projects are underway across various government agencies, including for trade-related functions at regulatory agencies. For instance, the process of handling certificates of origin is being automated at the Department of Commerce (DOC). The World Bank Group (WBG) supported the establishment of the Information Communication Technology Agency (ICTA), which set up the national infrastructure and backbone and middleware infrastructure. The ICTA also created the government's service portal (www.srilanka.lk) and information portal (www.gov.lk).

PROGRESS ON NATIONAL SINGLE WINDOW

According to the World Bank, Sri Lanka Customs has a number of automation systems apart from ASYCUDA World — e.g., a cargo control system and a remittance management system. Implementation of functional connections to the ASYCUDA World single window have been ongoing; to date, the following have been connected:

- Customs Brokers: E-submission of Customs Declaration and Cargo Dispatch Note
- Shipping Agents: E-submission of Manifest and Empty Container Removal Application
- Banks: E-updating of payment collection and remittance management
- Tea Board: E-approval of Blend Sheet
- Tea Exporters: E-updating of Blend Sheet
- Terminal Operators: E-receipt of Release Order and transmission of response
- Container Freight Stations: E-submission of Cargo Dispatch Note for consolidated containers

- Inland Revenue Department: E-sharing of VAT collection data
- Registrar of Motor Vehicles: E-sharing of vehicle imports data
- Ministry of Finance: E sharing of statistics and concessionary tax permit data
- Ministry of Industries: E-sharing of utilization declaration
- Export Facilitation Center: Paperless exports initiative

Efforts to add other authorities to the system continue. The ASYCUDA module, which would enable submission of attachments in electronic form, is not enabled as the database is restricted by the server storage capacity. There is also a plan to merge the value declaration into the Single Administrative Document, which will eliminate a document. There is no disaster recovery center.

Most other government agencies involved in international trade transactions do not have automation systems, though some automation is underway. The DOC, for instance, in collaboration with the ICTA, is preparing to introduce E-Service for the issuance of certificates of origin in accordance with the E-Government Policy. There is no national electronic single window, and the port system is limited and restricted to stakeholders participating in the logistics operations. Even there, the delivery order is still manual and not automated. Even with the use of ASYCUDA World at Customs, there is still a reliance on paper documentation, resulting in duplication of information submission, additional costs, and delays.

WORKSHOP PROCEEDINGS ON NATIONAL SINGLE WINDOW

Sri Lanka is in the very early stages of NSW development. Beginning in the fall of 2017, the World Bank will be providing assistance to the Government of Sri Lanka to develop a blueprint for the creation of a NSW. As a result, and given that workshop participants spanned Government of Sri Lanka border agencies, the workshop focused on key aspects of implementation, including: single window governance structure, legal framework, technical architectures for automation, business process (BPR), data harmonization, and risk management.

DAY ONE PROCEEDINGS

INTRODUCTORY REMARKS

The opening session, moderated by AMEG Deputy Chief of Party Isaiah Oliver provided an overview of the role of trade facilitation and NSWs. Dr. Nihal Pitigala, AMEG Sri Lanka Trade Facilitation Advisor, set the stage by highlighting the broad implications of establishing a well-functioning NSW in Sri Lanka and the importance of time and cost reductions in improving competitiveness, and its relation to the WTO TFA that has now entered into force. He proposed that the advancement toward a well-functioning NSW that reduces import/export times would help Sri Lanka achieve its objectives as a commercial hub, including enabling Sri Lanka to become a key link in global value chains. Dr. Tim Buehrer, Chief of Party on the ASEAN Connectivity through Trade and Investment (ACTI) Project, provided an overview of the core components of an NSW and trade portals, while illustrating the benefits of full implementation of the NSW.

SINGLE WINDOW GOVERNANCE STRUCTURE

Mr. Ramesh Siva, Lead Information Communication Technology (ICT) Specialist at the World Bank, emphasized that countries preparing to embark on NSW design and implementation — such as Sri Lanka — should recognize that trade portals and trade information are just the visible aspect of implementation; the core of implementation consists of legal and regulatory framework, governance, and BPR.

He highlighted how a clearly defined governance mechanism and structure, like that of Bangladesh, is critical to ensuring NSWs function seamlessly with other trade facilitation efforts. The legal gap analysis, Mr. Siva reiterated, can determine where a country's laws must be adjusted to accommodate an NSW. Above all, he stressed that early decision-

making on the operational model is critical because it will impact all aspects of the NSW from implementation to operation.

Mr. Chansophea Chuon, Chief of the Statistics and Information Technology Office at Cambodia Customs, and Mr. Fachry Rozy Oemar, System Development Manager at the Indonesia National Single Window Operating Agency, also highlighted different governance structures that can be considered among potential models for Sri Lanka.

Cambodia, a country at the insipient stage of the NSW, is utilizing a blueprint provided by the World Bank which follows a three-phase operational and modular approach to implement the NSW. Its governance structure was proposed by a steering committee — originally led by the Director General of Cambodia Customs, but now led by the Minister of Economy and Finance — comprised of a legal and policy team, a project team, and secretariat.

On the other hand, Indonesia's governance structure follows from a presidential decree that mandated a steering committee. These experiences highlighted the importance of having NSW focal points in all institutions, as well as laws or decrees to give legal basis for implementation. One key observation was that Indonesia used an informal mechanism of courtship to connect all stakeholders. Mr. Oemar also described critical mechanisms to resolve inter-ministerial regulatory overlap.

TECHNICAL APPROACH

Mr. Dennis Pantastico, ASEAN Single Window Lead on the ACTI Project, provided automation and design options for countries pursuing an NSW. He emphasized the importance of visibility, coherence of procedures, and NSW as a process that needs to be driven by business rules. He also highlighted the need to be conscious of security and safety, as well as taking in to account that revenue collection is a key objective of many customs agencies.

Mr. Chuon detailed Cambodia's technical architecture, using the three-phase approach to complete the NSW by 2021.

Ms. Marinella Belgado, Anti-Red Tape Program Manager at the Philippines Department of Finance, presented the technical architecture of their NSW. She highlighted that the project's slogan, focusing on removing "red tape," was politically expedient in undertaking reforms and making progress towards automation. She described the NSW project as being implemented through an Executive Order, which had to contend with the complexity of having more than 40 agencies entrenched in paper-based transactions. The Philippines' NSW portal, www.TradeNet.gov.ph, demonstrated the institutional and human resource requirements needed for interoperability of the NSW.

LEGAL ANALYSIS

Dr. Buehrer laid out the legal basis for an NSW, highlighting the legal framework that enables and defines the conditions of the electronic submission of documents, electronic signatures, user authentication, etc., as a pre-requisite to the legal foundation for NSW development. He recommended Sri Lanka follow United Nations Economic Commission for Europe (UNECE) standards, especially Recommendation 35, which establishes legal basis best practice guidelines. The provisions include laws establishing electronic transactions, intellectual property rights (IPR) authority to share data among government agencies, and data protection issues. He also highlighted the core laws and international models on e-commerce transactions, data protection, customs laws and regulations.

BUSINESS PROCESS REENGINEERING

Dr. Pitigala provided a brief overview of the importance of business process reengineering (BPR) as foundation of the NSW reform effort to gain a better understanding about the documentary, procedural, and operational aspects of international trade transactions. He highlighted the core tenets of BPR, suggesting that existing business processes in Sri Lanka may entail redundant activities and complexities that create procedural inefficiencies and bottlenecks. Therefore, it is essential to simplify the existing business processes and harmonize them, with relevant international recommendations, best practices, and standards.

Ms. Belgado presented the conceptual framework using the Philippines, again, as an example. She emphasized the need for a "customer-centric" approach to BPR, including monitoring key performance indicators related to importer and exporter customer service. It also means being able to generate reliable data for risk assessment so the government may be able to protect identifiable data.

In reengineering government processes, it is important to involve the various agency 'actors' from the beginning so that change management becomes less difficult and helps the agency naturally evolve its activities to support its online services. BPR is about working with customers and delivering convenience to customers.

Raja Anwar Bin Raja Abidin, Assistant Director of Customs in Malaysia, presented a "lifecycle BPR approach" used in the Philippines to continuously review, simplify, and harmonize business processes.

DAY TWO PROCEEDINGS

Dr. Pitigala briefly recapped Day 1 proceedings, key messages, and concepts, and then opened the floor to speakers on data harmonization and risk management.

DATA HARMONIZATION

Mr. Pantastico focused on methods for data simplification and harmonization, offering strengths and weaknesses to different approaches and models. The World Customs Organization (WCO) model was presented as one of the more robust frameworks on data harmonization methods, illustrating different standard information packages offered. The ASEAN information package was also presented. The key message was that countries such as Sri Lanka should stick to best practice international reference models such as the WCO or, in the interim, the ASEAN model.

RISK MANAGEMENT

Mr. Pantastico discussed the essence of risk management under overall border management objectives of developing countries. The two main messages were that (1) border management agencies can increase control and visibility while providing a more efficient service, and (2) they can do so while retaining their own organizational mandates and integrity. As they work together and share information using the NSW, a complete view of risks and opportunities may emerge; therefore, it is essential that countries working towards an NSW encourage a knowledge-sharing culture and a border management strategy built on proactive decision-making. He also highlighted methods of building risk profiles and capabilities within the NSW architecture.

WORKSHOP DISCUSSIONS

There were robust discussions from Customs, the Chambers, and Aviation, particularly on risk management, including the need to update the risk profiles used by the Government of Sri Lanka. Dr. Pitigala and Dr. Buehrer initiated a discussion about Sri Lanka's progress in automation and other measures to facilitate an NSW. They acknowledged that an NSW is an all-encompassing political project that requires a high-level, multi-agency oversight body to develop a trade transaction automation strategy, and subsequently provide strategic guidance and oversight of its development and operation.

Mr. Siva suggested that oversight is generally achieved through a steering committee or management board, and that Sri Lanka must establish such a body that reports to the NTFC. Mr. Siva referenced the World Bank's upcoming work to develop a comprehensive blueprint for the implementation of Sri Lanka's NSW, which will incorporate the implementation platforms discussed above.

The private sector session provided a solid review of what, from their perspective, the challenges that Sri Lanka encounters in facilitating trade and the role of the NSW. More than anything, the private sector is eager to see ownership of the NSW and clear accountability of the NSW's design and implementation. Private-sector speakers would like to know who is going to own the NSW process and ensure the political will exists for long-term success.

PARTICIPANT FEEDBACK AND CONCLUDING THOUGHTS

Overall, participants thought the workshop was timely, and provided useful insights into applying lessons learned and best practices in the Sri Lankan context.

Participants were interested in attending future workshops focusing on the following topics in more detail:

- legal frameworks and requirements;
- business models;
- data collection and harmonization;
- implementation structures, mechanisms, challenges, and solutions;
- NSW infrastructure requirements and maintenance;
- change management;
- illustrating NSW benefits to trade and the country, as well as approaches to garnering support from other government agencies;
- risk management;
- line authority automation;
- Sri Lanka's current situation and immediate next steps; and
- moving beyond the ASEAN context to international best practices.

Concluding thoughts. As noted previously, Sri Lanka is takings its first steps towards designing, implementing, and managing a NSW. The majority of NSW discussions held prior to this workshop were led by Sri Lanka Customs. As such, many Sri Lanka government agencies attended this workshop to learn what a NSW entails and what needs to be done for Sri Lanka to implement a NSW. If any message was communicated clearly, it is this: a NSW is far more than a technology project. It requires fluid cross-agency coordination and systems integration, as well as strong high-level political will to ensure government ministries and agencies are able to resolve disputes and work together effectively. In addition, as participants learned firsthand from the experiences of Cambodia, Indonesia, Malaysia, and the Philippines, the details are important and the Sri Lanka government must take a thorough, sequenced approach if it hopes to achieve long-term success. These lessons will hopefully kick-start NSW efforts as the World Bank begins developing a NSW blueprint in the fall.